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STATE FOR EAP AND EAP/ANP  
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TAGS: [PREL](#) [MNUC](#) [AS](#) [KN](#) [CH](#) [KS](#) [JA](#) [ID](#) [ARF](#)

SUBJECT: EAP A/S HILL'S MEETING WITH FOREIGN AFFAIRS  
SECRETARY L'ESTRANGE

SIPDIS

Classified By: Charge Bill Stanton. Reasons 1.4 b/d.

Summary

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[11.](#) (S) EAP Assistant Secretary Christopher R. Hill told Australian Department of Foreign Affairs and Trade (DFAT) Secretary Michael L'Estrange on May 17 that there was a

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growing sense of urgency in Washington about the DPRK's nuclear program. L'Estrange agreed that the current state of "limbo" could not continue for much longer and that the 6PT process may have run its course. L'Estrange said that Australia viewed the elevation of the U.S.-Japan-Australia Trilateral Strategic Dialogue (TSD) as a very positive development. The GOA wanted to ensure that the TSD remained an informal, non-bureaucratic forum where the ministers could engage in real dialogue. Australia also wanted to be certain that the TSD did not impinge in any way on AUSMIN. L'Estrange said Australia's view of China was one of "optimism, without any illusions." At the same time, the GOA wanted to reassure Japan that Australia was not blindly falling into China's thrall, and thought PM Koizumi's more strategic foreign policy might offer a chance to "reinvent" Australia-Japan relations. L'Estrange said Australia believed new Indonesian President Yudhoyono presented an opportunity, was pursuing a comprehensive engagement with Jakarta, and hoped for a similar strengthening of U.S.-Indonesian ties. End summary.

DPRK

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[12.](#) (S) In a May 17 meeting in Canberra, EAP A/S Hill briefed DFAT Secretary L'Estrange (Deputy Secretary-equivalent) on the latest developments on North Korea. He observed that the DPRK had in all likelihood used the year-long 6PT impasse to further advance its nuclear weapons program. L'Estrange replied the GOA believed the 6PT might have run their course; unfortunately, there appeared to be no consensus on an alternate path. Beijing wanted to be perceived as doing something in order to "keep Washington off its back" and to keep the matter out of the UNSC -- but not enough to risk destabilizing the DPRK.

[13.](#) (S) Asked about North-South relations, A/S Hill noted that the two Koreas were holding vice-ministerial level discussions that day in response to a sudden May 14 request from the DPRK. Fertilizer would be at the top of the agenda for the North. In general, Pyongyang's approach toward the ROK was to try to manipulate emotions in the South to drive a wedge between Seoul and Washington. The Japanese Government, meanwhile, was taking a hard line, in part because the Japanese public was so engaged on the DPRK issue.

Trilateral Security Dialogue

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[14.](#) (C) A/S Hill and L'Estrange agreed that the elevation of the U.S.-Japan-Australia Trilateral Strategic Dialogue (TSD) to the ministerial level was highly positive. In Australia's view, L'Estrange said, the logical choice for the first meeting of the three ministers would be on the margins of the UNGA in September. The ARF Ministerial in July was another possibility, although the "optics" of the three countries meeting separately at an ARF event could be awkward.

[15.](#) (C) L'Estrange told A/S Hill that Australia had two major concerns related to the TSD. First, on format, Australia wanted to be sure that the frank and informal structure that had made the dialogues at the deputy-secretary level so valuable would continue. The GOA had found the purposefully less structured discussions extremely useful and hoped to resist the natural tendency toward formality when any meeting was held at the ministerial level. Australia was wary about proposals to make the TSD "operational" or "intelligence-oriented," because the required interagency coordination could create exactly the kind of bureaucratic apparatus and process the GOA was hoping to avoid.

[16.](#) (C) Australia's other major concern, L'Estrange said, was

to make sure the TSD did not impinge on the annual Australia-U.S. Ministerial (AUSMIN), which the GOA considered to be the centerpiece of its bilateral meetings with the U.S.

The most likely AUSMIN dates for this year appeared to be either immediately before or after APEC in November, which was why Australia believed the UNGA was probably the best date for the first TSD ministerial -- to put some separation between the two events.

#### China

17. (C) L'Estrange described the Australian Government's view of China as "optimism, without any illusions." The GOA had both economic and political reasons for pursuing good relations with Beijing, but it also understood that a benevolent China in the future was not predetermined. A/S Hill replied that the U.S. too had an investment in seeing that China evolved in a way that was not antithetical to our interests. The 6PT might have failed so far in the "main event" of dismantling the DPRK's nuclear program, but one positive result had been closer diplomatic collaboration between the U.S. and the PRC. We planned to keep up the pace of engagement this year through an ambitious calendar of summits: President Bush and Chinese President Hu Jintao would likely meet three times before the end of the year.

#### Japan

18. (C) Australia, according to L'Estrange, was trying to "reinvent" its relationship with Japan, which historically had been principally a trading partner. While Japan remained Australia's most important economic partner, the new, more strategic foreign policy approach adopted by the Koizumi Government may have opened a door for increased political cooperation. This was the message that PM Howard had taken to Tokyo on his recent visit, L'Estrange said. Australia also wanted to reassure the Japanese that the GOA was not "standing in the middle of the road blinded by China's headlights." This was one reason that Australia was exploring a free trade agreement with Japan even as it entered FTA negotiations with China.

#### Indonesia

19. (C) L'Estrange said the GOA, starting with PM Howard, considered new Indonesian President Yudhoyono (SBY) to be an impressive and serious interlocutor. Australia was using the A\$1 billion (US\$770 million) it had pledged in post-tsunami assistance to deepen relationships between the two countries' officials and private sectors. Good governance would be a prime focus of the aid. Referring to the Australian-Indonesian Ministerial Forum that had brought six Indonesian cabinet ministers and staff to Australia in March, L'Estrange commented that the personal relationships between the two governments' officials, especially at the sub-cabinet level, were making possible real communication without the "layers of formality" that used to exist. The GOA regarded Foreign Minister Wirajuda especially highly. L'Estrange said Australia hoped the U.S. would also see SBY as an opportunity and increase its engagement with Indonesia.

110. (C) A/S Hill replied that the U.S. was still in the early phase of forging a deeper relationship with Indonesia, but that our efforts were going well so far. IMET restrictions had been lifted. Both Deputy Secretary Zoellick and PACOM Commander Admiral Fallon had visited Jakarta in recent weeks. While obstacles to better relations -- such as the Timika case -- still posed challenges, the U.S. recognized that there was a window of opportunity, especially because of the improvement in America's image in Indonesia post-tsunami, A/S Hill told L'Estrange.

#### East Asian Summit

111. (C) L'Estrange indicated that Australia was prepared to meet ASEAN's demand that it sign the Treaty of Amity and Cooperation (TAC) in exchange for an invitation to the East Asian Summit (EAS) later this year. A final decision to sign would probably come in the next month to six weeks. Australia had been studying how the South Koreans and Japanese -- two other U.S. allies -- had acceded to the treaty. The GOA would take a similar approach, making certain that signing the TAC did not in any way conflict with its ANZUS obligations.

112. (C) A/S Hill said the U.S. position on the EAS for the moment was to wait and watch how the new grouping developed; it was possible that the forum would not amount to much. L'Estrange agreed that the future of the EAS was far from certain -- "PM Howard himself takes a rather jaundiced view of meaningless summitry" -- but the GOA had concluded that it was better to be safe and be at the table from the start just in case the forum did develop into something significant. Furthermore, participation by countries such as Japan, India, and Australia would help prevent Chinese domination of the EAS. And Australia could help advance Washington's views at

the grouping on issues of interest to Washington.

Participants

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13. (U) DFAT Secretary L'Estrange was accompanied by First Assistant Secretary for the Americas and Europe Jeremy Newman. A/S Hill was accompanied by Charge, Polcouns (notetaker), and EAP Special Assistant Koehler.

14. (U) A/S Hill's delegation has cleared this message.

Stanton